

MB Docket 02-277
Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

COMMENTS OF THE LOS ANGELES COUNTY COMMISSION ON HUMAN RELATIONS REGARDING THE
FCC REVIEW OF CURRENT BROADCAST OWNERSHIP RULES

The Commission on Human Relations of Los Angeles County (the Commission) hereby submits comments in response to the Federal Communication Commission's (FCC) re-evaluation of broadcast regulations affecting diversity, localism and competition. For over fifty years the Commission has addressed issues of intergroup tensions and equity among the residents of arguably the most diverse County in the nation. From its extensive work in the arena of human relations, the Commission has come to recognize the challenge of making responsible decisions that are, at the same time, economically sound and socially equitable. Further, it has come to recognize that profit margins are more and more dependent on a company's ability to satisfy the needs of a diverse consumer base with a likewise diverse offering of product, viewpoints, and employment opportunities that reflect the cultural and ethnic composition of the market. In addition, it should be considered that consumers have a strong interest in receiving information, ideas, perspectives, and viewpoints from diverse sources and that access to such information facilitates informed participation in the affairs of their local communities and the nation.

It is in this light that the Commission raises concerns about the FCC's current review of key regulations--such as that which prevents a single company from owning TV stations that reach more than 35% of households nationwide--which, if eradicated or waived, threaten to negatively affect diversity of viewpoints, product and hiring practices in the media industry. Our concern is similar to the one expressed by Senator Ron Wyden who warned that, with a waiver of these regulations, "we could have the most radical consolidation of media ownership in our history." As the FCC is well aware, in the year following the passage of the 1996 Telecommunications Act (1996 Act), which lifted a significant number of ownership limitations, a flood of mergers, consolidations, station swaps and sales occurred. Certainly, this has been true of radio where, for example, Clear Channel Communications now owns more than 100 stations, making it, in terms of audience outreach, second only to Westinghouse, which itself owns 77 independent radio stations and multiple stations in the nation's top ten radio markets. Similarly, there has been widespread consolidation in television, cable, and telephony with the creation of Time Warner/Turner, the world's largest media company, and Bell Atlantic/Nynex, the largest regional telephone company in the United States since 1987. Where prior to the passage of the 1996 Act, a party could only own one AM and one FM station in a single market without seeking a waiver, after the act's passage, subject to limits imposed by antitrust laws, an owner could hold up to eight radio stations in a local market. Combining the power of a daily newspaper with control over a significant portion of the radio spectrum would allow that owner to control the debate on many issues in the local community. Common sense teaches us that in such a scenario, newsworthy events that are unpopular with the group owner could go unreported and viewpoints unacceptable to or even critical of that owner might be suppressed. In such a setting, when considering relaxing important safeguards that protect diversity of viewpoint and competition, wisdom counsels caution. Particularly given that the 1996 Act has not proved to have produced the vigorous competition and robust diversity that it promised.

Supporters of deregulation assume that a loosening of restrictions would increase a company's competitive ability without compromising its social responsiveness. The Commission believes that just the opposite is true. As Reed Hundt, former chairman of the FCC, made clear at a recent panel *Speaking With One Voice? Cross-Ownership of the Press*, "it is generally understood that the rise of media monopolies has led to a shift in editorial content, city by city, to a far less confrontational, far less controversial, far less skeptical and challenging press." As the FCC itself noted in 1975, when citing the potential dangers of concentrated ownership, "The significance of ownership, from the standpoint of the widest possible dissemination of information, lies in the fact that ownership carries with it the power to select, to edit, and to choose the methods, manner and emphasis of presentation, all of which are a critical aspect of the FCC's concern with the public interest." In the 1995 review of its broadcast ownership policies, the FCC acknowledged, "if all programming passed through the same filter, the material and views presented to the public would not be diverse."

As the President of the National Association of Broadcasters, Eddie Fritts, warned, "This is about preserving a diversity of voices in the local market." Whereas some argue that consolidation of ownership implies new outlets which would in turn translate into increased choices for the viewer, the reader, the listener, and the Internet user, others, the Commission included, are concerned that cross-ownership threatens to reduce diversity. "The idea that there are all these voices with cross-ownership is a bit of a canard," warns Nancy Maynard, author of *Mega Media: How Market Forces are Transforming News*-- a systematic examination of how cross-ownership is affecting the media. Maynard recalls, for instance, the deep concerns about the quality of news reporting conveyed to her by staff at The Oakland Tribune after she turned the paper, which she co-owned for more than ten years, over to corporate ownership. Her former staff's comments expressed a collective concern for the future of the paper's journalistic standards when it reflected a distinct narrowing of reporting following corporate ownership.

The Commission believes that it can be argued that diverse programming can be accomplished by a single owner programming many media outlets, diversity of viewpoints will always be threatened by such common ownership. A common owner has the power to control and manipulate the information released through its outlets, a potential that threatens the First Amendment goal of the widest possible dissemination of information. The cross-ownership rule has been and continues to be the most effective way to protect local diversity; its strict application has successfully preserved diversity of viewpoint in many communities which today enjoy a more vigorous market of diverse and competitive sources than they would have absent the restriction.

Where some argue that the explosion of information available from the Internet, cable and other information sources has made protecting diversity of viewpoints through diverse ownership unnecessary, both the relative infancy of these technologies and reality of cross-ownerships in these media undermine this argument. New technologies may increase outlets without adding significant local viewpoints as most of the new technologies are not locally based and do not provide news or information on local issues. Although cable television and the Internet may have the potential to facilitate antagonistic debate on local issues, they do not now serve that purpose to any significant degree. On cable, PEG access and leased access, the two avenues most likely to include local content, are underutilized. Even if the Internet were a good source of local programming, it is not an independent media voice, as many of the online news services are currently owned by the major newspapers like The Washington Post and The New York Times. Further, these new technologies, specifically the Internet, fail to reach large segments of the community and simply do not

presently have the same mass audience capacity that newspapers or radio do. Access to the Internet is costly and using the Internet requires a level of technical expertise that not everyone will attain. Conversely, simply turning on a radio or buying the daily newspaper has been and will continue to be within the reach of the vast majority of local citizens; and media outlets which can reach all such citizens are of utmost importance when it comes to the widest possible dissemination of information on local issues in a participatory democracy.

Finally, substantial barriers to entry for small media businesses, especially those owned by minorities and women, are endemic to the current broadcast industry environment. Relaxing regulations would significantly increase those barriers. Consider that, although the overall percentage of minority-owned, commercial broadcast stations remained fairly constant at just below three percent between 1993 and 1995, acquisitions of broadcast stations by minorities have declined steadily. Minorities acquired 26 stations in 1993, as compared to 19 stations in 1994, and only nine stations in 1995. Many factors contribute to the under-representation of minority owners in broadcast, including the elimination of incentives for financing minority enterprises. The trend toward consolidation in the radio market has also reduced the ability of small, independent radio stations to compete against larger group owners. Relaxation of the current regulations will lead to increased consolidation and raise market entry barriers even higher.

While the Commission does not object to the FCC adopting policies that promote competition and growth within the market, we believe that the regulations currently under review by the FCC have served as an important safeguard in protecting diversity in the media. More important, we recognize that the recent elimination of national ownership limits for radio and the ensuing trend toward consolidation and concentration of ownership of media outlet place at grave risk the diversity values which the regulations currently in place serve to protect. Respectfully submitted,

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